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11 May 1987

MEMORANDUM FOR THE RECORD

SUBJECT: Meeting with Eric Melby, Special Assistant to
Under Secretary Wallis on Venice Summit Support,
May 6, 1987

1. Deane Hoffman accompanied us to meet with Eric Melby to deliver our Summit Background Papers and to get a read out of the third Sherpa meeting held in Italy from 30 April through 2 May. Melby expressed his thanks for the Background Papers for Under Secretary Wallis.

We also agreed to meet with him after his return on 18 May from the OECD Ministerial and the fourth and final Sherpa meeting.

2. Melby confirmed that the President's bilateral visit in Rome was put on hold given the 14 June Italian election. The President still plans to leave for Venice on 3 June and then go to Rome on 5 June where he will meet with the Pope and possibly Italian President Cossiga. At this time he has no official schedule set up for 6 and 7 June. Three of the bilaterals--Italy, the UK, and Japan--are tentatively scheduled for 8 June. The German bilateral will probably take place after the Summit on the plane en route to Berlin. The French and Canadian bilaterals are scheduled for the morning of the 11th and no bilateral is scheduled with the EC. Melby confirmed that we would need to provide cables as support from 5-11 June (i.e. the first cable would be assembled here on the 4th and the last on the 10th).

3. In terms of other key dates prior to the Summit, the President will be briefed on 21 May by Secretary Baker on the macroeconomic situation in the Summit countries and by State Department on agriculture. US representatives hope that Reagan will take the initiative with the other heads of state on policy coordination. On 26 May, the President will be briefed on the political issues and the final Presidential briefing will be held on 29 May.

4. The following are comments that Melby made about developments at the Sherpa meeting on specific Summit issues:

- Macroeconomic policy coordination. Sherpas agree that they don't expect any automatic system of indicators to be put into effect and that no major decisions will be reached at Venice, but they won't admit this publicly. Sherpas also agreed that they would not actively engage in Japan-bashing.
- Agriculture. The US is seeking a strong statement on the subject but much depends upon the outcome of this week's OECD meeting. There was a big gulf between the US and French, with Attali indicating there could be no early agreement on agriculture in the GATT round. This position, Melby said, the French abandoned several weeks ago when they indicated agriculture, if coupled with other issues, could be negotiated early in the round. Attali seems to be a spoiler on a number of issues and Melby wondered why the other Sherpas put up with his time-consuming and ill-advised interventions. Moreover, Melby said it was not clear if Attali was representing the majority French position.
- Third World Debt. There was agreement to maintain the Baker approach except on Sub-Saharan Africa where Sherpas agreed that they would want to use the Summit to announce some type of special measures.
- Energy. There was little discussion on nuclear energy. For the Italians and the Germans, this remains a sensitive political issue. At the same time, the British and the Japanese stress that the Summit countries can't back down on the Tokyo language on this issue. The issue will be addressed more fully at the last Sherpa meeting in Venice.
- AIDS. There was not much discussion on this issue and it is not clear what other countries may push for. (Attali made a inane statement on the issue, saying the epidemic was not more serious than heart disease). Melby expressed some interest in any work that might be done on the economic implications of the spread of the AIDS epidemic.

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- Terrorism. The French are being obstructionists, but all countries agreed to an enhanced Bonn declaration. The Sherpas are circulating a proposed statement for the communique that will be considered at the Venice Shera meeting.

The Sherpas also decided to place on hold discussions on the space station and the Japanese proposal on human engineering.

5. On the political issues to be addressed at Venice, the Political Directors will meet on 15 May in Venice to make some final decisions about the agenda. Rozanne Ridgway is the US Political Sherpa. MeLby suggested it might be useful to talk to [redacted] about the Agency's support on political issues. Again, Attali is trying to minimize the discussion of political issues at the Summit. East-West issues and arms control are expected to head the agenda but there is a long menu of regional issues that may come up including the Middle East, Iran-Iraq War, Afghanistan, Cambodia, the Phillipines, Korea, and China. South Africa is also likely to be raised by the Canadians but the US has decided that it will give Thatcher whatever she wants on the issue.

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[redacted]

Chief
Western Europe Division
Office of European Analysis

Chief
Regional Economic Issues
Issues and Applications
Division
Office of European

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Meeting with Eric Melby, Special Assistant to
Under Secretary Wallie on Venice Summit Support on
5/6/87

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